MINNESOTA DEPARTMENT OF COMMERCE

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June 1, 2015 **PUBLIC DOCUMENT**

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **PUBLIC Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-15-401

Dear Mr. Wolf:

Attached are the **PUBLIC** *Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

> In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy for Approval of the Acquisition of 200MW of Wind Generation.

The filing was submitted on April 30, 2014. The petitioner is:

> Paul J Lehman
> Manager, Regulatory Compliance and Filings
> Xcel Energy
> 414 Nicollet Mall, 7th Floor
> Minneapolis, MN 55401
> (612) 330-7529

The Department recommends that the Minnesota Public Utilities Commission approve Xcel Energy's proposal to purchase and develop the Courtenay Project, subject to Xcel providing reasonable information in reply comments and supports Xcel's proposal to forgo recovery of capital costs that exceed their estimates in this proceeding. The Department is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

Mark Johnson
Financial Analyst

MJ/ja
Attachments

MINNESOTA DEPARTMENT OF COMMERCE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

PUBLIC COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E002/M-15-401

I. BACKGROUND

In February 2013, Northern States Power Company d/b/a Xcel Energy (Xcel) solicited proposals to buy up to 200 megawatts (MW) of power generated from wind, or to buy wind-powered generating plants capable of generating up to 200 MW, or some combination thereof. The Commission has established a process by which Xcel may acquire new sources of electricity by soliciting proposals from other parties.[1]

On July 16, 2013, Xcel filed a petition for approval to acquire 600 MW of wind-powered electricity in Docket No. E002/M-13-603 (13-603).

On August 9, 2013, Xcel filed a petition for approval of an additional 150 MW of wind-powered electricity in Docket No. E002/M-13-716 (13-716).

On December 13, 2013, the Commission issued its *Order Approving Acquisitions with Conditions* in Docket Nos. 13-603 and 13-716 for the following four wind projects:

- **Border Winds**, a build-to-transfer agreement with RES Americas to buy a collection of wind turbines and related facilities to be erected as a wind farm in Rolette County, North Dakota, with a combined generating capacity of 150 MW (13-716).
- **Courtenay**, a purchase power agreement (PPA) with Geronimo Energy (Geronimo) to purchase the output of a 200 MW wind farm to be erected in Jamestown, North Dakota (13-603).
- **Odell**, a PPA with Geronimo to purchase the output of a 200 MW wind farm to be erected in Mountain Lake, Minnesota (13-603).

[1] See Docket No. E-002/RP-04-1752, In the Matter of Northern States Power Company d/b/a Xcel Energy's Application for Approval of its 2004 Resource Plan, Order Establishing Resource Acquisition Process, Establishing Bidding Process Under Minn. Stat. § 216B.2422, Subd. 5 and Requiring Compliance Filing (May 31, 2006).

- **Pleasant Valley**, a build-to-transfer agreement with RES Americas to buy a 200 MW wind farm to be erected in Austin, Minnesota (13-603).

On April 30, 2015, Xcel filed the instant petition.

On May 5, 2015, the Commission issued its *Notice of Comment Period* requiring parties to file initial comments by June 1, 2015 and reply comments by June 11, 2015. In addition, the Commission stated that the following topics were open for discussion:

- Is Xcel's proposal to acquire the Courtenay Project consistent with the public interest, including, but not limited to the price of energy and the allocation of risk?
- Does the record demonstrate that the acquisition of the Courtenay Project is a reasonable and prudent approach for fulfilling Xcel's obligations under the Renewable Energy Standard, Minn. Stat. § 216B.1691?
- Should the Commission approve the investments in the Courtenay Project, with or without conditions?
- Should the Commission find that the Courtenay Project is eligible for cost recovery under Xcel's Fuel Clause Rider pursuant to Minn. Stat. § 216B.1645, subd. 2a?
- Are there other issues the Commission should consider?

II. SUMMARY OF FILING

Xcel stated that due to changed circumstances Geronimo has been unable to secure financing or find a third party partner for the Courtenay Project PPA, and asserts that all parties have determined in good faith that the PPA cannot be performed in accordance with its terms.

Xcel stated that under the circumstances the Company would be justified in terminating the PPA for default and removing this anticipated resource from their plans. However, prior to doing so, the Company determined it was appropriate to consider whether purchasing the Courtenay Project may be a preferable outcome for their customers.

Xcel stated that it engaged in a detailed review of the Courtenay Project to assess the risks and benefits of assuming project development and ownership. In particular, Xcel assessed the work completed to-date, the contractual arrangements Geronimo had previously entered into, regulatory requirements, the Project's financial viability, and the turbine performance and site suitability. Xcel also conducted a detailed wind and site suitability study using the selected turbines and project layout, and identified the potential useful life of the Project for their customers' benefits if the Project is Company-owned. Finally, Xcel undertook review and preliminary negotiations for entry into a turbine supply agreement (TSA) and a construction or balance-of-plant (BOP) contract to assess the continued viability of completing the project. Based on these efforts and negotiations, Xcel concluded that:

- The Courtenay Project is not viable on the terms negotiated under the PPA with Geronimo.
- Geronimo cannot continue to finance construction of the Courtenay Project and has not identified an alternative partner to do so under the PPA structure.
- Under the contractual terms obtained with the turbine and BOP vendors, it makes economic sense for Xcel to own and operate the Courtenay Project.
- Initiating construction of the Courtenay Project this construction season facilitates meeting the 2016 production tax credit (PTC) deadline at reasonable costs.

Xcel identified several risks associated with a Company-owned Courtenay Project including PTC risk, transmission and interconnection risks, construction and capital risks, environmental risks, and operational risks. Xcel also identified several mitigating actions associated with these risks.

After conducting additional due diligence and updating its assumptions (capacity factors and estimated project life), the Company concluded that moving forward under a Company-ownership arrangement would allow it to preserve this cost-effective resource for the benefit of its customers. According to Xcel, the levelized costs for the Courtenay Project are **[TRADE SECRET DATA HAS BEEN EXCISED].**

Xcel stated that it used the Strategist resource planning model to evaluate the cost effectiveness of the Courtenay Project. Xcel stated that the results of this analysis show that compared to abandoning the Courtenay Project the purchase of the Project would result in net savings for their customers under all sensitivity tests conducted.

In conclusion, Xcel seeks Commission approval to purchase, develop, construct, own, and operate the Courtenay Project as an Xcel asset. Xcel also seeks Commission approval to count the output of the Courtenay Project toward the Renewable Energy Standards of Minn. Stat. § 216B.1691, and as provided in Minn. Stat. § 216B.1645, and requests Commission approval of the investments and expenditures incurred in connection with the Courtenay Project as reasonable and prudent. The Company also seeks a Commission determination that the costs for the Courtenay Project are recoverable in subsequent rider proceedings and that the Company's purchase of the Courtenay Project qualifies as a reasonable and prudent resource under Minnesota's Renewable Energy Standard.

III. DOC ANALYSIS

A. STATUTORY REQUIREMENTS

Minnesota's Renewable Energy Statute (RES), Minn. Stat. § 216B.1691, states in part that:

Subd. 1. Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:
(1) solar;
(2) wind;
(3) hydroelectric with a capacity of less than 100 megawatts;
(4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from the resources listed in this paragraph; or
(5) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel.
....

(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:
(1) 2010 15 percent
(2) 2012 18 percent
(3) 2016 25 percent
(4) 2020 30 percent.
Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated....

The Department asked Xcel, in DOC Information Request No. 4, to provide its current percentage compliance with the RES wind mandate and to explain whether it can meet its wind mandate without the Courtenay Project. Xcel replied that:

> Consistent with the information we provided in our Integrated Resource Plan filed January 2, 2015 and supplemented March 16, 2015, we expect to generate a sufficient amount of RECs utilizing banking to satisfy our renewable obligations for 2016 and 2020 without adding any wind capacity beyond the projects we currently have under contract (which includes the Courtenay project).
>
> This is made possible because we operate an integrated electric system (the NSP System, consisting of the NSP Minnesota and NSP Wisconsin Operating Companies). Using banking, in 2020, we forecast that we will be at 33 percent of retail sales from wind generation on an NSP System basis. On a State of Minnesota basis, however, we would only be at 24 percent of retail sales in 2020.

Further, the Department notes that the Commission previously found that:

> Xcel's proposals [including Courtenay] represent a reasonable and prudent manner of meeting Xcel's obligations under the Renewable Energy Standards. The proposed projects would produce electricity from wind energy, a renewable resource within the meaning of the statute. And Xcel's rigorous bidding process supports the conclusion that Xcel has identified the most cost-effective means of fulfilling the statutory mandate. Consequently the Commission will approve Xcel's proposed contracts under Minn. Stat.§ 216B.1645 subject to the conditions discussed below.[2]

Based on the above, the Department concludes that, if the Commission approves Xcel's proposal, Xcel would use the Courtenay Project to meet its RES mandate and would push into the future the date by which Xcel would need additional renewable resources for RES compliance. In addition, the Department concludes that the Courtenay Project qualifies as an eligible energy technology under Minnesota's Renewable Energy Statute. Thus, if Xcel's purchase and development of the Courtenay Project is deemed a reasonable and prudent approach to fulfilling Xcel's obligations under the RES mandate and is approved by the

[2] Per Commission's December 13, 2013 Order in Docket Nos. E002/M-13-603 and E002/M-13-716, Page 12.

Commission in this proceeding, the Department recommends that the output from the Courtenay Project count towards Xcel's RES mandate.

Minnesota's Renewable Cost Recovery (RCR) Statute, Minn. Stat. §216B.1645, subd. 1 states in part that:

> Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424 [Wind and Biomass Statutes], and **to satisfy the renewable energy objectives and standards set forth in section 216B.1691 [Renewable Energy Statute], including reasonable investments and expenditures** made to… (Emphasis added).

Regarding cost recovery, the RCR Statute, Minn. Stat. §216B.1645, subd. 2a states that:

> A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with facilities constructed, owned, or operated by a utility to satisfy the requirements of section 216B.1691, provided those facilities were previously approved by the commission under section 216B.2422 or 216B.243, or were determined by the commission to be reasonable and prudent under section 216B.243, subdivision 9. **For facilities not subject to review by the commission under section 216B.2422 or 216B.243, a utility shall petition the commission for eligibility for cost recovery under this section prior to requesting cost recovery for the facility.** The commission may approve, or approve as modified, a rate schedule that:
>
> (1) allows a utility to recover directly from customers on a timely basis the costs of qualifying renewable energy projects, including:
>
> (i) return on investment;
> (ii) depreciation;
> (iii) ongoing operation and maintenance costs;
> (iv) taxes; and

(v) costs of transmission and other ancillary expenses directly allocable to transmitting electricity generated from a project meeting the specifications of this paragraph;

(2) provides a current return on construction work in progress, provided that recovery of these costs from Minnesota ratepayers is not sought through any other mechanism;

(3) allows recovery of other expenses incurred that are directly related to a renewable energy project, including expenses for energy storage, provided that the utility demonstrates to the commission's satisfaction that the expenses improve project economics, ensure project implementation, advance research and understanding of how storage devices may improve renewable energy projects, or facilitate coordination with the development of transmission necessary to transport energy produced by the project to market;

(4) allocates recoverable costs appropriately between wholesale and retail customers;

(5) terminates recovery when costs have been fully recovered or have otherwise been reflected in a utility's rates.

(b A petition filed under this subdivision must include:

(1) a description of the facilities for which costs are to be recovered;

(2) an implementation schedule for the facilities;

(3) the utility's costs for the facilities;

(4) a description of the utility's efforts to ensure that costs of the facilities are reasonable and were prudently incurred; and

(5) a description of the benefits of the project in promoting the development of renewable energy in a manner consistent with this chapter. (Emphasis added).

Based on the above, if Xcel's investments and costs associated with the purchase and development of the Courtenay Project are deemed a reasonable and prudent approach to fulfilling Xcel's obligations under the Renewable Energy Standard and if the Commission approves Xcel's proposal in this proceeding, the Department concludes that these costs are eligible for recovery under Xcel's RCR Rider.

B. COURTENAY PROJECT PPA

The Commission approved Xcel's Courtenay Project PPA with Geronimo on December 13, 2013. The North Dakota Public Service Commission granted the relevant site permit on November 13, 2013 and an Advance Determination of Prudence for the Project on February 26, 2014. Xcel stated that, as discussed in their recently filed 2016-2030 Upper Midwest Resource Plan and Supplement, their Resource Plan assumes the addition of the Project's 200 MW of wind generation to their system as part of their Reference Case and Preferred Plan.

Xcel stated that after approval of the PPA and initial Project activities, the Project encountered several delays that adversely impacted the Project's development and schedule and caused the Project to fail to meet critical milestones and default under the PPA.

According to Xcel there were two primary causes for the default of the PPA:

1) Geronimo priced the PPA assuming it would be able to fully utilize the North Dakota Income Tax Credit (NDITC); and

2) the Courtenay Project PPA price turned out not to be sufficient to support the construction of the Project and precluded Geronimo from finding another equity partner who could fund the PPA structure on reasonable terms.

The Department asked Xcel, in DOC Information Request No. 1, to explain why Geronimo would not able to fully utilize the NDITC for the Courtenay Project. In addition, the Department asked Xcel when Geronimo realized that it would not be able to fully use the NDITC for the Courtenay Project. Finally, the Department asked Xcel if it would be able to fully use the NDITC if it purchased and developed the Courtenay Project as a Company-owned project. Xcel replied that:

> By way of background, North Dakota Century Code Section 57-38-01.8 provides for a tax credit against North Dakota income taxes for the installation of solar, biomass, geothermal and wind projects that meet certain requirements. Because this tax credit is structured to provide a credit against North Dakota income taxes, to be able to utilize the tax credit, an entity must have sufficient North Dakota income tax liability.

With that background, we provide the following responses:

As described in our Application, in order to fully utilize the North Dakota Income Tax Credit Geronimo would need to have North Dakota taxable income at a level equal to, or greater than the value of the tax credits available from the Courtenay Project. While Geronimo did not anticipate having North Dakota taxable income at a high enough level to fully utilize the credits, they anticipated that it would secure one or more North Dakota tax equity partners that could utilize such tax credits. Geronimo was unable to find an equity partner for the project.

Geronimo has provided the following additional information responsive to this question:

> Geronimo learned of the North Dakota Income Tax Credit while exploring a project in North Dakota in 2008. At the time, Geronimo worked with the tax commissioner's office to develop an investment structure that would allow Geronimo to monetize the North Dakota credit by using tax equity partners that could use the North Dakota tax credits (similar to the way that tax equity investors allow a wind project to monetize the federal Production Tax Credit). Pursuant to North Dakota law, Geronimo requested an Opinion of the Tax Commissioner confirming the tax treatment of the agreed-upon investment structure, and received that opinion on December 9, 2008.
>
> When the Courtenay Wind Farm was proposed to Xcel Energy in 2013, Geronimo relied upon the 2008 opinion when developing the bid price, under the assumption that it could receive additional value for the North Dakota Income Tax Credit. Assuming that the Courtenay project would be able to fully monetize the North Dakota tax credit, Geronimo offered Xcel a favorable power price. During their efforts to finance the project, Geronimo requested an update to the 2008 opinion so that Courtney could rely on it in connection with its financing. Geronimo received the updated Opinion on April 28, 2014. The opinion was consistent with the prior opinion but at that point, Geronimo no longer had the ability to construct the project in time to satisfy the December 31, 2014 deadline to qualify for the credit.

> On December 17, 2014, the Tax Commissioner's office retracted the Opinion due to a change in the North Dakota Tax Commissioner's review of the law and its reevaluation of transaction structures that could be used to monetize the tax credits.
>
> In light of the Tax Commissioner's retraction of his April 2014 Opinion, Geronimo sought legislative changes, along with a two-year extension of the ND Income Tax Credit, to clarify the type of corporate structures that could be used to take advantage of the tax credit. While the two-year extension of the credit was passed and signed into law, the corporate structure matter was not enacted. Consequently, the Courtenay project's inability to qualify for the North Dakota tax credit directly contributed to its inability to perform its obligations under the PPA.

At the time the PPA was signed, the project needed to be placed in service by the end of 2014 to qualify for the North Dakota Tax Credits. Geronimo would likely have realized they were at risk when they were unable to secure financing to move forward with construction of the project in time to meet that in service date. However, we understood that Geronimo was attempting to seek an extension of the tax credit. Xcel Energy was not involved in Geronimo's efforts.

Geronimo has provided the following additional information responsive to this question:

> Geronimo worked with the North Dakota Empower Commission throughout 2014 to reach a compromise energy bill that included a two-year extension of the tax credit, and was optimistic for its passage. Geronimo first received information that they would not be able to utilize the credit in the manner they proposed via a phone call from the Tax Commissioner's Office in November 2014, and received the written retraction on December 17, 2014. However, Geronimo's bill proposing clarification to the tax credit failed in senate committee on February 4, 2015.

> While it is our understanding that Geronimo's pricing of the original PPA was predicated on their ability to utilize the North Dakota Income Tax Credit, our analysis of Company ownership of the Courtenay Project was not based on our ability to utilize this tax credit. If we own the Courtenay Project, Xcel Energy will not be able to fully utilize the North Dakota Income Tax Credit as we will not have sufficient North Dakota income tax liability to be offset by the credit. While Xcel Energy does have North Dakota taxable income, and therefore a North Dakota tax liability, the Border Winds Project is expected to generate sufficient North Dakota Income Tax Credits to offset our anticipated tax liability for all but the last year the North Dakota Income Tax Credits are available from the Courtenay Project. We note that our economic analysis indicates that our ownership of the Courtenay Project will produce value for our customers in all circumstances notwithstanding our inability to utilize the North Dakota Income Tax Credit for the Project.

The Department appreciates Xcel's response to our questions. Based on the above information, the Department concludes that Geronimo's difficulties with the NDITC directly contributed to its inability to perform its obligations under the PPA. However, it is unclear to the Department whether Xcel will be able to utilize any of the NDITCs or all but the final year's NDITCs associated with the Courtenay Project if it becomes a Company-owned project.

The Department recommends that Xcel clarify in reply comments the extent to which Xcel expects to use the NDITCs over the life of the Courtenay Project. In addition, the Department recommends that Xcel explain in reply comments whether the Company's levelized cost calculations and Strategist analysis under a Company-owned scenario assumed use of all or a portion of the NDITCs associated with the Courtenay Project. Finally, the Department recommends that the Commission require Xcel either to:

- credit its Minnesota ratepayers for their proportionate share of the NDITCs actually used, based on the pro-rata share of the costs of the Courtenay Project that is charged to Minnesota ratepayers, since this requirement reflects the assumption in the original bid for the project, or
- reasonably explain why it is not necessary to include this requirement.

Given the problems with the Courtenay Project PPA, the Department also asked Xcel, in DOC Information Request No. 8, how it determined whether developers were qualified and capable of executing their proposed projects when evaluating responses to the Request for Proposal (RFP) in Docket No. 13-603, and whether Xcel had identified any concerns with Geronimo's capability the develop the Courtenay Project. In other words, the Department asked about the extent of due diligence Xcel conducted on behalf of ratepayers. Xcel replied that:

> For those proposals that made the initial $/MWh cutoff price in the RFP, we assessed each of the developer's qualifications on a number of factors including past experience and financial viability. In the case of Geronimo, the company had developed operating wind farms to date including the Prairie Rose project with us in 2012. The successful completion of these projects formed the basis of our conclusion that Geronimo had the required capability to execute the proposed Courtenay project.

Based on the above, the Department concludes that Xcel did not have reason to anticipate problems with Geronimo's capability to develop the Courtenay Project.

Finally, in lieu of purchasing and developing the Courtenay Project as a Company-owned project, the Department asked Xcel, in DOC Information Request No. 10, whether it had considered renegotiating the terms of the Courtenay Project PPA with Geronimo to allow Geronimo to complete development of the Project. Xcel replied that:

> Yes. At Geronimo's request, we participated in discussions with various potential buyers and equity investors of the Courtenay project to clarify certain contract terms, and to explore our willingness to modify certain milestone dates to accommodate a purchase of the project. We responded that we would be willing to make such modifications, provided that all PTC risk and delay damages would be borne by the project owner. We also advised the parties that any change of control and material amendments may require regulatory approvals from Minnesota and North Dakota. Please see our response to Information Request DOC No. 3 for additional information regarding our pre-purchase actions.

Based on the above and the Company's response to DOC Information Request No. 10, the Department concludes Xcel was unable to renegotiate the PPA with Geronimo on favorable terms for its ratepayers.

C. PROJECT SELECTION

The Department notes that Xcel did not state in its filing whether it considered other wind PPA options that were identified in 13-603 as an alternative to purchasing and developing the Courtenay Project. As a result, the Department asked Xcel, in DOC Information Request No. 2, whether it considered other wind PPA options that were identified in 13-603 as an alternative to purchasing and developing the Courtenay Project. If so, the Department asked Xcel to explain why these projects were not selected as an alternative to purchasing the Courtenay Project. If not, the Department asked Xcel to explain why not. Xcel replied that:

> Please see our answer to Information Request DOC No. 3 for a complete description of the alternatives that were considered.

The Department asked Xcel a similar question in DOC Information Request No. 3. The Department asked Xcel whether it considered or evaluated any other wind PPA options that were not identified in 13-603 as an alternative to purchasing and developing the Courtenay Project. If so, the Department asked Xcel to explain why these other wind PPA options were not selected as an alternative to purchasing the Courtenay Project. Due to the length of Xcel's Response to DOC Information Request No. 3, a complete copy of the response is provided in DOC Attachment No. 3.

Xcel stated in its Response to DOC Information Request No. 3 that there was insufficient time to issue another RFP and fully probe the market prior to entering into the transaction with Geronimo. In addition, Xcel stated that any additional delay would likely have impaired their ability to develop the Project in time to obtain the PTCs. Furthermore, Xcel stated that the purchase price offered by Geronimo combined with Xcel's estimates to complete the project appeared to provide value to customers when compared to the bids received in the RFP process, including those that resulted in their purchase of the Pleasant Valley and Border Wind Projects – which is indicative of the value that the Courtenay Project provides.

Xcel also stated that it undertook several additional efforts without a formal RFP to determine that the pricing of the Courtenay Project was reasonable. In fact, Xcel stated that several developers approach them with offers to take over the Courtenay Project, but none of these discussions ripened into a firm proposal or contract that was a favorable as Xcel's ownership of the Courtenay Project.

Xcel stated that there was only one PPA proposal from the 2013 RFP with a levelized price equal to or lower than the Courtenay PPA. However, that project was for only a 3-year term and Xcel's analysis suggested that the project may experience significant curtailment and delivery risk into MISO.

Xcel stated that the next lowest priced PPA from the 2013 RFP after the Courtenay Project was the Odell proposal, which was selected and ultimately approved by the Commission. All other PPA proposals were bid at a higher cost and exceeded the levelized $/MWh to acquire and develop the Courtenay Project, so Xcel did not considered them to be viable alternatives.

Based on Xcel's Response to DOC Information Request No. 3, the Department concludes that there were no other viable alternatives to Xcel's proposed purchase of the Courtenay Project.

D. LEVELIZED ENERGY COSTS & ASSUMPTIONS

1) Levelized Energy Costs

The Department notes that the concept of the levelized cost of energy is a technique used in the energy and power industry to evaluate competing project proposals. The Commission explained the levelized cost analysis as follows:

> [A] Levelized Cost of Electricity analysis calculates the net present value of the expected annual costs –including variable and fixed operations and maintenance costs, capital costs and the return on investment –divided by annual generation over the term of the proposal. However, it does not consider how a new resource would affect the utility's existing resources –for example, by helping to avoid additional capacity costs and variable costs, including fuel.[3]

In this case the cost comparisons are between the same type of generation - wind. Thus, the use of a levelized cost is appropriate because competing wind generators will affect Xcel's existing system in very similar ways.

Xcel provided an updated levelized cost estimate for the Courtenay Project under a Company-owned scenario. According to Xcel, the levelized costs for the Courtenay Project are **[TRADE SECRET DATA HAS BEEN EXCISED]**. The Department notes that this amount is similar to Geronimo's levelized costs for the Courtenay Project of **[TRADE SECRET DATA HAS BEEN EXCISED]** Xcel's levelized costs for the Border Winds Project of **[TRADE SECRET DATA HAS BEEN EXCISED].**

The Department asked Xcel for an Excel spreadsheet copy of its levelized cost calculation in DOC Information Request No. 6 using Xcel's estimated 25-year Project life. In addition, the Department discussed Xcel's levelized cost calculation with Company personnel. A copy of Xcel's Supplemental Response to DOC Information Request No. 6 is provided in DOC Attachment No. 6. The Department discusses many of the estimates and assumptions used in Xcel's levelized cost calculation below.

[3] Per the Commission's May 23 Order in Docket No. E002/CN-12-1240, Page 31.

2) Capital and Operation and Maintenance (O&M) Costs

Xcel's levelized cost calculation for the Courtenay Project is based on estimates of capital and O&M costs. Xcel stated that its total capital costs for the Courtenay Project will be approximately $300 million, calculated as follows:

Type of Capital Cost	Estimated Amount
Purchase & Sale Agreement with Geronimo	[TRADE SECRET DATA HAS BEEN EXCISED]
Turbine Supply Costs	[TRADE SECRET DATA HAS BEEN EXCISED]
Balance of Plant Contract Costs	[TRADE SECRET DATA HAS BEEN EXCISED]
Development Oversight and Other Costs	[TRADE SECRET DATA HAS BEEN EXCISED]
AFUDC	[TRADE SECRET DATA HAS BEEN EXCISED]
Total Capital Costs	[TRADE SECRET DATA HAS BEEN EXCISED]

Xcel did not provide specific estimates of its O&M costs in its petition. However, the Department was able to identify these costs in Xcel's levelized cost calculation found in the Company's Supplemental Response to DOC Information Request No. 6, Attachment B.

The Department reviewed Xcel's capital and O&M costs and concludes that Xcel's capital and O&M costs appear to be reasonable.

3) Capacity Factors

The Department notes that, in estimating the levelized costs in this proceeding for the Courtenay Project, Xcel made two important changes in assumptions regarding: a) capacity factors and b) estimated project life. The Department discusses both of those changes in this section and the next in these comments.

Based on a wind study conducted by AWS Truepower, LLC and a 50 percent probability level, Xcel assumed a 46.1 percent capacity factor in its levelized cost calculation. In contrast, Geronimo assumed a [TRADE SECRET DATA HAS BEEN EXCISED] capacity factor in its levelized cost calculation. As a result, the Department asked Xcel, in DOC Information Request No. 5, to provide the basis for the capacity factors used by Geronimo and Xcel, including the assumed probability level for the Courtenay Project in Docket No. 13-603. Xcel replied that:

> As described in our filing, the basis for the 46.1 percent net capacity factor is the output of the detailed wind study that we completed as part of our due diligence. We note that our wind study (which is attached to our filing) is based on specific turbines and project-specific information, rather than general or generic information.

> At the time bids were due and submitted into our 2013 Wind RFP, Geronimo had not yet selected the specific turbines for the Courtenay project. As described in our filing in the Wind RFP proceeding (Docket No. E002/M-13-603), in their bid documentation, Geronimo provided generation output of **[TRADE SECRET DATA HAS BEEN EXCISED]** and noted that generation values would be later finalized when a specific wind turbine model was selected. Geronimo did not provide any further information or basis for their generation estimates in their proposal. However, the values and resultant capacity factor provided by Geronimo were consistent with our experience, and we believed reasonable.
>
> We used these generation values in our analysis of the PPA in the Wind RFP proceeding, which showed a net benefit to customers by making this generation addition. Further, our economic analysis utilized higher and lower capacity factor sensitivities to help ensure the project was examined using a robust economic analysis. We also note that we utilized the proposed capacity factor and resultant energy production as the amount of "Committed Energy" in the PPA between the Company and Geronimo. While different amounts of Committed Energy were identified based on the potential for the use of different turbines, the contract reflected the amount in Geronimo's bid, which indicates that both the Company and Geronimo believed this figure to be reasonable.

In addition, the Department notes that V-Bar performed a similar analysis for the Borders and Pleasant Valley wind farms, which, like Courtenay, are based on the installation of Vestas V-100 2 MW turbines. The V-Bar analysis predicted capacity factors of 45.8 percent and 45.51 percent for Pleasant Valley and Borders, respectively.[4] These capacity factors are similar to the 46.1 percent prediction for the Courtenay Project. Based on the above, the Department concludes that Xcel's updated capacity factor appears reasonable and is supported by the AWS Truepower wind study found in Attachment A of the petition.

4) Estimated Project Life

Xcel also assumed a 25-year life for the Courtenay Project in its levelized cost calculation while Geronimo assumed a 20-year life in its calculation. The Department asked Xcel, in DOC Information Request No. 6, to explain why it was reasonable for Xcel to assume a 25-year life for the Courtenay Project. In addition, the Department asked Xcel to provide a

[4] DOC Information Request No. 9 in Docket Nos. E002/M-13-603 & E002/M-13-716.

spreadsheet showing the levelized cost calculations for the Courtenay Project assuming a 25-year and 20-year life. Xcel replied that:

> The term of the PPA with Geronimo for the Courtenay Project was 20 years. However, this does not mean that the expected useful life of the Project was for 20 years. Our use of a 25-year life is consistent with the manufacturer's estimated life of the specific model turbine selected for the Courtenay project. It is also consistent with our assumptions for other Company-owned wind projects, such as Border Winds and Pleasant Valley. We note that numerous other proposals submitted into our 2013 Wind RFP included bids offering 25-year PPA terms, and we have many PPAs with different counterparties with terms of 25 years or more. So, a 25-year project life is not unusual.
>
> We cannot speculate as to why Geronimo chose a 20-year PPA over a different term (longer or shorter), as a number of factors can come into play in making such a decision. We have no insight into what Geronimo might have been planning for the project post PPA or what their expectations were for the project's overall life. However, it is our understanding that PPAs often have a term consistent with the financing needs of the developer.
>
> Geronimo provided the following additional information responsive to this request:
>
> Geronimo did not assume a 20-year life for the Courtenay project; the term of the PPA was for 20 years. In their financial models, Geronimo assumed a 25 year life. At the expiration of the PPA, Geronimo assumed that the wind energy would be sold into the market at the merchant price.
>
> We provide the requested spreadsheet as Attachment A to this response. As noted in Attachment A, even under an assumed life of 20 years, Company ownership of the Courtenay Project still provides benefits to customers over its useful life.

The Department appreciates Xcel's clarification that Geronimo also assumed a 25-year life for the Courtenay Project even though the PPA covered a 20-year period. Based on Xcel's response, especially the fact that the 25-year life is consistent with the manufacturer's estimated life of the specific model turbine selected for the Courtenay Project, the Department concludes that Xcel's estimated 25-year life for the Courtenay Project appears reasonable.

E. PROJECT RISKS AND MITIGATING FACTORS

On pages 18-25 of its petition, Xcel identified several risks associated with its proposed purchase and development of the Courtenay Project. These risks include PTC risk, transmission and interconnection risks, construction and capital risks, environmental risks, and operational risks. On pages 11-13 of its petition, Xcel identified several mitigating factors associated with these risks, including Xcel's proposal to forgo recovery of capital costs that exceed their estimates. These risks and mitigating factors are discussed below.

1) Federal PTC Risk

Xcel stated that the federal PTC provides a tax credit for those projects that began construction activities by December 31, 2014. Xcel stated that U.S. Internal Revenue Service (IRS) guidelines consider commencement of construction to have occurred when physical work of a significant nature has started or five percent of the total cost of the facility has been incurred and the developer makes continuous efforts to complete the facility thereafter.

Xcel believes the Courtenay Project will meet the requirements necessary to qualify for the PTC, and that the risk has been reasonably mitigated. Xcel stated that under the PSA Geronimo is required to provide certification that the project was under construction as defined by the IRS through the end of Geronimo's ownership of the Project.

In addition to requiring construction activities by December 31, 2014, Xcel stated that the Courtenay Project must be placed into service by December 31, 2016 to retain reasonable certainty that it will continue to qualify for the PTCs. Xcel stated that because the Company is taking over the development and construction of the Courtenay Project it is incumbent upon them to ensure that its completion will occur consistent with the requirements for PTCs. Xcel believes their TSA and BOP contracts provide reasonable terms and conditions to help ensure their third-party vendors take the actions needed for Xcel to meet the PTC deadline.

Xcel stated that another risk associated with federal PTCs relates to obtaining the necessary approvals to commence construction of the Project. Xcel stated that it needs a North Dakota Certificate of Public Convenience and Necessity and the North Dakota Public Service Commission's approval to transfer the Certificate of Site Compatibility for the Project before beginning physical construction. Xcel stated that failure to timely obtain these approvals could impede their ability to place the Project in-service with sufficient time to capture the federal PTCs, or in a worst case scenario, require them to abandon construction of the Project.

The Department understands that all projects including Xcel's proposal to purchase and develop the Courtenay Project comes with PTC risks. However, it appears that Xcel has taken the steps necessary to help ensure that the Project qualifies for the PTCs.

2) Transmission and Interconnection Risk

Beginning on page 19 of its petition, Xcel stated that when they entered into the PPA with Geronimo for the output of the Courtenay Project, its interconnection to the MISO Transmission System had not been extensively studied and the PPA projections were based on good faith estimates and assumptions. Xcel stated that the interconnection study work has been completed and a Generator Interconnection Agreement (GIA) has been executed for the Project. Xcel stated that they have incorporated these costs into their economic model analyzing the Project. However, Xcel has identified the following two key transmission and interconnection risks related to the Project and has taken steps to mitigate these risks. Xcel stated that they will not proceed to construction without resolution of these issues.

i. Notice of Termination of the GIA with the Federal Energy Regulatory Commission (FERC)

Xcel stated that MISO has filed a Notice of Termination of the GIA with FERC, which is a necessary prerequisite to terminating the interconnection agreement. Xcel stated that MISO is seeking to terminate the GIA due to Courtenay Wind Farm LLC's failure to satisfy material milestones under the GIA. To resolve this issue, Xcel stated that it has requested intervention in the FERC proceeding and proposed terms to cure the default **[TRADE SECRET DATA HAS BEEN EXCISED].** Xcel stated that it expect the FERC proceeding to be resolved by approximately May 24, 2015.

ii. Minnkota Power Cooperative

Xcel stated that the second transmission risk is related to the need to deliver power from the Project over transmission lines owned by Minnkota Power Cooperative (Minnkota). Xcel stated that Minnkota informed Geronimo that Minnkota's consent is required before MISO can transmit Courtenay wind over the Center-Maple River Line, and that Minnkota must be compensated under its non-jurisdictional Open Access Transmission Tariff (OATT) rather than the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (MISO Tariff).

According to Xcel, Geronimo challenged Minnkota's claims for compensation and sought a declaratory judgment from FERC regarding Minnkota's claims. The proceeding has been set for settlement procedures by FERC and Xcel has been an active participant in those proceedings. Xcel stated that their discussions with the parties to that proceeding continue and they are cautiously optimistic that they can reach a reasonable outcome with Minnkota.

However, Xcel stated that resolution of this issue on satisfactory conditions is precedent to their purchase of the Courtenay Project. The Department agrees with Xcel that it is necessary to resolve this issue favorably before concluding that it is reasonable for Xcel to take ownership of Courtenay.

3) Construction and Capital Risk

Beginning on page 21 of its petition, Xcel identified several construction and capital risks associated with its proposed purchase and development of the Courtenay Project. Xcel stated that they have taken several steps to mitigate these risks through contractual provisions with Geronimo and their vendors. In addition, Xcel stated they have instituted several key conditions precedent to closing the contract and that each provision must be satisfied before the closing can occur. Xcel stated that if these conditions are not met the PSA with Geronimo will not close and Geronimo will not be paid.

As a mitigating factor, Xcel agreed to forgo capital costs that exceed their estimates in this proceeding. Xcel stated that:

> As with our Black Dog 6 Project, we will agree to forgo recovery of any costs that exceed our proposal (plus financing costs). If the actual cost of the project is less than the estimate, the full capital cost estimate along with AFUDC associated with actual incurred costs will be put in rate base. To accomplish this, the Company would place in rate base the total project costs plus actual AFUDC, as with any other capital project. In addition, the Company would create a regulatory asset on its books to recognize the difference between actual cost and our cost estimate and include that difference in rate base and amortize it over the project life.[5]

While Xcel's proposal to create a regulatory asset may seem unusual, the Department concludes that it is appropriate for the following reasons. First, the proposal to create a regulatory asset if actual costs are lower than the estimated amount of **[TRADE SECRET DATA HAS BEEN EXCISED]** is balanced by the proposal to forego any recovery of costs greater than this amount. Second, since Xcel is proposing to step in for a failed PPA, a similar outcome would occur for ratepayers; that is, ratepayers would be charged the same per-unit price in the PPA, whether actual costs are lower or higher.

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[5] Per Xcel's initial petition in Docket No. E002/M-15-401, Pages 12-13.

4) Environmental Risks

Regarding environmental risks, Xcel stated that:

> To the best of our knowledge, all necessary avian, bat, and protected species surveys have been completed for the Courtenay Project. We will work with the U.S. Fish and Wildlife Service (Service) to finalize an Eagle Conservation Plan (ECP) as well as a Bird and Bat Conservation Plan (BBCP) for the Project. The Company will also pursue application of a programmatic Eagle Take Permit under the Bald and Golden Eagle Protection Act, working closely with the Service on the permitting process. This permitting process will continue concurrent with construction activities for the Courtenay Project. During construction of the Courtenay Project, before a programmatic Eagle Take Permit is obtained, and pursuant to the ECP and BBCP, the Company will follow Service-approved construction best management practices to minimize and avoid potential impacts to eagles.

Since the necessary surveys have been completed and the Company is working with the relevant permitting agencies, the Department concludes that there is no evidence in the record that Xcel will be unable to obtain the necessary permits.

5) Operational Risks

Xcel stated that once in-service, wind projects face operational risks. These risks involve the amount of annual power generation and the real-time delivery of that power to their customers. In addition, Xcel stated that:

> The operational risks associated with an owned project remain with the Company. However, these risks are offset by higher estimated benefits from Company ownership. To the extent that annual generation at Courtenay is lower than expected, we would be losing energy at no significant change in cost, and the overall cost effectiveness of the project would decrease. Conversely, if annual generation is greater than expected however, our customers' benefits from the project would increase. Owned projects also have some uncertainty in annual costs for operation and maintenance.
>
> In each of these areas, we have included what we believe to be conservative estimates of the expected on-going costs at Courtenay in our evaluation of the Project, including **[TRADE SECRET DATA HAS BEEN EXCISED]**. Capacity factor assumptions

> are at the 50 percent probability levels from the most recent wind study for the Project. We quantify both of these potential operating risks in the Cost Effectiveness section of this Petition.

Under Company ownership, the per-MWh cost increases or decreases with changes in production. Under a PPA structure, the cost per-MWh is fixed. Since Xcel used the 50 percent probability levels from the most recent wind study for the Project, at this time the available data indicates that the Courtenay Project, under Xcel ownership, would, on average, produce the estimated energy. Xcel may have an incentive to overestimate energy production now to increase the apparent benefits of Company ownership. However, as discussed above, Xcel's assumption regarding the capacity factor is based on the AWS Truepower study and appears reasonable.

6) Company-Owned Project Risk vs PPA Project Risk

The Department asked Xcel, in DOC Information Request No. 9, to provide a list of all the wind on Xcel's system that is either Company-owned or purchased under a PPA. Xcel provided the following table in its response:

Wind Generation by Asset Type (MWs)

Asset Type	Capacity Type	MW	Percent of Total
Owned	Nameplate	851.5	33%
PPA	Contracted*	1,759.9	67%

The Department notes that the Courtenay Project is included as a Company-owned wind farm in the figures above. Thus, if Xcel's acquisition of the Courtenay Project is approved by the Commission, Xcel's wind generation will be approximately one-third Company-owned and two-thirds PPA.

In addition to the risks identified by Xcel, the Department notes that there is significant risk associated with a Company-owned project that does not exist under a PPA. Under a Company-owned project, Xcel is allowed to recover prudently incurred costs from ratepayers using traditional revenue requirement calculations in its RCR Rider or in base rates in the context of a rate case. Traditional revenue requirements are based on actual costs plus a Commission-authorized rate of return and do not take into account the actual amount of energy delivered by the facility. In contrast, under a reasonably designed PPA, Xcel would be allowed to charge ratepayers the levelized price per MWh (PPA bid price) for the actual amount of energy delivered by the facility through the Company's FCA. In other words, under a reasonable PPA, the counter-party to the Company assumes all risks associated with developing and operating a wind farm including capital costs, operating costs, transmission and interconnection costs, capacity factors, project life, and actual MWh's delivered by the facility. Under a Company-owned project the ratepayers assume all of the risk. However, the Department notes that this risk is somewhat mitigated by the Company's proposed cost cap discussed above.

F. STRATEGIST RESULTS

Pages 26-35 of the petition discuss the Company's Strategist analysis. The issue at hand is not comparing projects with significant differences in size, type, and timing as is done in a resource plan. Instead, the size, type, and timing issues are restricted to wind projects (type) that can be in-service soon (timing) and provide capacity similar to that of the Geronimo PPA (size). Therefore, the Department concludes that the simpler, levelized cost approach is superior—it is easier to understand while providing a comparison using an appropriate analytical method.

G. CONCLUSION

Based on the above, the Department concludes that Xcel's levelized cost calculation for a Company-owned Courtenay Project appears reasonable. Moreover, the Department concludes that Xcel's Strategist modeling, while not relied upon by the Department, shows that Xcel's acquisition of the Courtenay Project would result in a net benefit to ratepayers. As a result, the Department concludes, based on the information available at this time, that Xcel's proposal to purchase and develop the Courtenay Project appears reasonable and consistent with the public interest, provided that Xcel either credits Minnesota ratepayers for their proportionate share of the NDITC, based on the pro-rata share of the costs of the Courtenay project that is charged to Minnesota ratepayers, or adequately explains why this provision is not required.

The Department recommends that Xcel provide the following in its reply comments:

- the extent to which Xcel expects to use the NDITCs over the life of the Courtenay Project, and
- whether the Company's levelized cost calculations and Strategist analysis under a Company-owned scenario assumed use of all or a portion of the NDITCs associated with the Courtenay Project.

IV. DOC'S CONCLUSIONS AND RECOMMENDATION

Based on our analysis, the Department concludes that:

- the record demonstrates that the acquisition of the Courtenay Project is a reasonable and prudent approach for fulfilling Xcel's obligations under Minnesota's Renewable Energy Standard, with the conditions precedent identified by Xcel;

- the Courtenay Project is eligible for cost recovery under Xcel's Renewable Cost Recovery Rider; and
- Xcel's proposal to purchase and develop the Courtenay Project appears reasonable and consistent with the public interest, provided that Xcel either credits its Minnesota ratepayers for their proportionate share of the NDITC, based on the pro-rata share of the costs of the Courtenay Project that is charged to Minnesota ratepayers or adequately explains why this requirement is not needed.

The Department recommends that the Commission approve Xcel's proposal to purchase and develop the Courtenay Project along with Xcel's proposal to forgo capital costs that exceed their estimates in this proceeding and that Xcel credit its Minnesota ratepayers for their proportionate share of the NDITC, based on the pro-rata share of the costs of the Courtenay Project that is charged to Minnesota ratepayers.

/ja

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	1
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: North Dakota Income Tax Credits

Xcel stated on page 8 of its petition that one of the problems with the PPA that led to its default was that Geronimo priced the PPA assuming it would be able to fully utilize the North Dakota Income Tax Credit, which ultimately became unavailable.

1. Please explain why Geronimo would not able to fully utilize the North Dakota Income Tax Credit for the Courtney Project.

2. When did Geronimo realize that it would not be able to fully utilize the North Dakota Income Tax Credit for the Courtney Project?

3. Please explain if Xcel will be able to fully utilize the North Dakota Income Tax Credit if it purchases and develops the Courtney Project.

Response:

By way of background, North Dakota Century Code Section 57-38-01.8 provides for a tax credit against North Dakota income taxes for the installation of solar, biomass, geothermal and wind projects that meet certain requirements. Because this tax credit is structured to provide a credit against North Dakota income taxes, to be able to utilize the tax credit, an entity must have sufficient North Dakota income tax liability.

With that background, we provide the following responses:

1. As described in our Application, in order to fully utilize the North Dakota Income Tax Credit Geronimo would need to have North Dakota taxable income at a level equal to, or greater than the value of the tax credits available from the Courtenay Project. While Geronimo did not anticipate having North Dakota taxable income at a high enough level to fully utilize the credits, they anticipated that it would secure one or more North Dakota tax equity partners that could utilize such tax credits. Geronimo was unable to find an equity partner for the project.

   Geronimo has provided the following additional information responsive to this question:

   > Geronimo learned of the North Dakota Income Tax Credit while exploring a project in North Dakota in 2008. At the time, Geronimo worked with the tax commissioner's office to develop an investment structure that would allow Geronimo to monetize the North Dakota credit by using tax equity partners that could use the North Dakota tax credits (similar to the way that tax equity investors allow a wind project to monetize the federal Production Tax Credit). Pursuant to North Dakota law, Geronimo requested an Opinion of the Tax Commissioner confirming the tax treatment of the agreed-upon investment structure, and received that opinion on December 9, 2008.
   >
   > When the Courtenay Wind Farm was proposed to Xcel Energy in 2013, Geronimo relied upon the 2008 opinion when developing the bid price, under the assumption that it could receive additional value for the North Dakota Income Tax Credit. Assuming that the Courtenay project would be able to fully monetize the North Dakota tax credit, Geronimo offered Xcel a favorable power price. During their efforts to finance the project, Geronimo requested an update to the 2008 opinion so that Courtney could rely on it in connection with its financing. Geronimo received the updated Opinion on April 28, 2014. The opinion was consistent with the prior opinion but at that point, Geronimo no longer had the ability to construct the project in time to satisfy the December 31, 2014 deadline to qualify for the credit. On December 17, 2014, the Tax Commissioner's office retracted the Opinion due to a change in the North Dakota Tax Commissioner's review of the law and its reevaluation of transaction structures that could be used to monetize the tax credits.
   >
   > In light of the Tax Commissioner's retraction of his April 2014 Opinion, Geronimo sought legislative changes, along with a two-year extension of the

ND Income Tax Credit, to clarify the type of corporate structures that could be used to take advantage of the tax credit. While the two-year extension of the credit was passed and signed into law, the corporate structure matter was not enacted. Consequently, the Courtenay project's inability to qualify for the North Dakota tax credit directly contributed to its inability to perform its obligations under the PPA.

2. At the time the PPA was signed, the project needed to be placed in service by the end of 2014 to qualify for the North Dakota Tax Credits. Geronimo would likely have realized they were at risk when they were unable to secure financing to move forward with construction of the project in time to meet that in service date. However, we understood that Geronimo was attempting to seek an extension of the tax credit. Xcel Energy was not involved in Geronimo's efforts.

   Geronimo has provided the following additional information responsive to this question:

   > Geronimo worked with the North Dakota Empower Commission throughout 2014 to reach a compromise energy bill that included a two-year extension of the tax credit, and was optimistic for its passage. Geronimo first received information that they would not be able to utilize the credit in the manner they proposed via a phone call from the Tax Commissioner's Office in November 2014, and received the written retraction on December 17, 2014. However, Geronimo's bill proposing clarification to the tax credit failed in senate committee on February 4, 2015.

3. While it is our understanding that Geronimo's pricing of the original PPA was predicated on their ability to utilize the North Dakota Income Tax Credit, our analysis of Company ownership of the Courtenay Project was not based on our ability to utilize this tax credit. If we own the Courtenay Project, Xcel Energy will not be able to fully utilize the North Dakota Income Tax Credit as we will not have sufficient North Dakota income tax liability to be offset by the credit. While Xcel Energy does have North Dakota taxable income, and therefore a North Dakota tax liability, the Border Winds Project is expected to generate sufficient North Dakota Income Tax Credits to offset our anticipated tax liability for all but the last year the North Dakota Income Tax Credits are available from the Courtenay Project. We note that our economic analysis indicates that our ownership of the Courtenay Project will produce value for our customers in all circumstances notwithstanding our inability to utilize the North Dakota Income Tax Credit for the Project.

Preparer:	John R. Valerius
Title:	Manager
Department:	Business Development
Telephone:	612-215-4572
Date:	May 22, 2015

Geronimo information provided by:

Elizabeth Engelking
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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	2
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Alternative Wind PPA's

Please explain if Xcel considered or evaluated any other wind PPA options that were identified in its wind acquisition docket (Docket No. E002/M-13-603) as an alternative to purchasing the Courtney Project. If so, please explain why these projects were not selected as an alternative to purchasing the Courtney Project. If not, please explain why not.

Response:

Please see our answer to Information Request DOC No. 3 for a complete description of the alternatives that were considered.

Preparer:	Stan Dufault
Title:	Manager
Department:	Business Development
Telephone:	612-215-4577
Date:	May 22, 2015

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	3
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Alternative Wind PPA's

Please explain if Xcel has recently considered or evaluated any other wind projects that were not identified in its wind acquisition docket (Docket No. E002/M-13-603). If so, please explain why these projects were not selected as an alternative to purchasing the Courtney Project.

Response:

Before explaining the options we considered, we note we have a contract in place with Geronimo which requires us to act in good faith and cooperate with them. This inherently restricts our ability to take any actions which could be perceived as undercutting or undermining the success of that contract. With that in mind, as we would with any vendor, we worked with Geronimo to help bring success to the Project. We ultimately decided that our purchase and development of the Project was the best choice for our customers and made this decision in light of the limited time available to complete the project in time to qualify for PTCs. Below, we provide information with respect to Geronimo's efforts to find an equity partner for the construction of the Project as well as our activities to determine if potential alternatives to the Project were reasonable and feasible.

As we have described in our filing, Geronimo's business model has been to develop projects and then sell them to an equity participant to fund construction. This model has worked well for Geronimo in the past, and has resulted in the successful development and sale of the Prairie Rose wind project and is the model currently being pursued in Geronimo's Aurora Solar project.

After the Courtenay PPA was signed, Geronimo approached the Company and inquired whether Xcel Energy might want to purchase and complete the Courtenay Project in lieu of Geronimo obtaining third-party equity as it has done with its other projects. We declined at that time, because the price offered by Geronimo was not favorable. At that point, discussions regarding our purchase of the Project ceased for a considerable period of time.

Geronimo also explored several alternatives to sell the project to an equity participant other than the Company who would have preserved the existing PPA. Geronimo has informed us that none of those alternatives were successful or viable, leading to their conclusion that the project was not viable under the PPA.

In furtherance of Geronimo's efforts, and at Geronimo's request, Xcel Energy participated in meetings with three separate potential equity purchasers **[Begin Trade Secret … …End Trade Secret]** who considered purchasing the Courtenay Project but ultimately chose not to do so. It is our understanding that Geronimo also had discussions with other potential equity participants as well, but ultimately could not find a viable partner for the project under the PPA.

When it began to appear unlikely that Geronimo would be able to secure an equity partner with sufficient time to develop the Project to meet a December 31, 2016 in-service date to preserve the PTCs, Geronimo again approached Xcel Energy and offered to sell the project to us at a substantially reduced price, which was much more favorable than the prior offer. As described in our filing, the price we ultimately agreed-upon with Geronimo for the rights to complete the project provides material value to our customers and to our system regardless of what alternatives may have been available.

We note that by the time Geronimo renewed its proposal to the Company, there was insufficient time to issue an RFP and fully probe the market prior to entering into the transaction with Geronimo. Additional delay would likely have impaired our ability to develop the Project in time to obtain the PTCs. The pricing offered by Geronimo and our estimates to complete development appeared to provide good value to customers when compared to the bids received in the RFP process, including those that resulted in our purchase of the Pleasant Valley and Border Wind Projects – which is indicative of the value that this Project provides. However, we undertook several additional efforts without a formal RFP to determine that the pricing of the Courtenay Project was reasonable.

PUBLIC DOCUMENT: TRADE SECRET INFORMA
– PUBLIC DATA –

First, in the same timeframe that we were in discussions with Geronimo to purchase the Project, three other developers **[Begin Trade Secret …**
…End Trade Secret] approached Xcel Energy with unsolicited indicative discussions to take over the Courtenay Project. None of them ripened into a firm proposal or a contract, and none were as favorable (either on terms or pricing) as our ownership of the Courtenay Project or the PPA.

In the first instance, **[Begin Trade Secret …**

…End Trade Secret].

In the second instance, **[Begin Trade Secret …**

…End Trade Secret].

In the third instance **[Begin Trade Secret …**

…End Trade Secret].

As mentioned above, these discussions were occurring while we were under the PPA with Geronimo, and due to this, we informed these vendors that they needed to work through Geronimo to determine whether Geronimo wanted to sell the project to them or whether Geronimo was comfortable with them discussing the project with us. Geronimo did not give us further permission to discuss a transaction with the first two developers and allowed a meeting with the third. We note that during this timeframe, Geronimo also advised us that it was their preference to transact with Xcel Energy and they preferred to sell the project to us rather than consider these other alternatives.

In addition, the Company reviewed the other bids that were submitted into the 2013 RFP that was conducted under Docket No. E002/M-13-603. We note that this RFP was conducted almost two years ago, and therefore, the bids received in that process are date and are imperfect comparisons. Nevertheless, they provided a reasonable comparison to potentially available pricing and project in the market., Therefore, our review of the indicative pricing we received in the 2013 RFP was to objectively determine if our levelized $/MWh of ownership of the Courtenay Project was reasonable. Our analysis indicated that our ownership of the Courtenay Project compared favorably to the bids received in the 2013 RFP.

There was only one PPA proposal from the 2013 RFP with a levelized price equal to or lower than the Courtenay PPA. However, that proposal was for only a 3-year PPA term, and our due diligence suggested that the project may experience significant curtailment and delivery risk into MISO. This project scored highly in the initial RFP scoring, but was rejected for similar reasons in 2013. This project was therefore not considered to be a viable alternative to our acquisition of the Courtenay Project.

The next lowest priced PPA from the 2013 RFP docket after the Courtenay project was the Odell proposal, which was selected and ultimately approved by the Commission. All other PPA proposals were bid at a higher cost and exceed the levelized $/MWh to acquire and develop the Courtenay project, so we did not considered them to be viable alternatives.

Our analysis indicates that our ownership of the Courtenay project will provide benefits to customers over its life when compared to terminating the PPA/not moving forward with the project. And, as discussed, our levelized cost of ownership of the Courtenay project compares favorably to the PPA alternatives bid into our 2013 RFP.

Portions of this response are marked "Non-Public" as it contains information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from their use. Thus, Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500.

Preparer:	Stan Dufault / Tim Kawakami
Title:	Manager / Director
Department:	Business Development / Purchased Power
Telephone:	612-215-4577 / 303-571-2748
Date:	May 22, 2015

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	4
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Renewable Energy Standard Compliance

On page 14 of its petition, Xcel stated that, under Minnesota's Renewable Energy Standards (RES), 30 percent of the Company's retail sales must be provided by eligible renewable generating facilities by 2020, with wind power providing 25 percent of retail sales.

1. Please provide Xcel's current percentage compliance with the RES wind mandate.
2. Please explain if Xcel can meet the 25 percent RES wind mandate by 2020 without the Courtney Project.

Response:

1. Consistent with the information we provided in our Integrated Resource Plan filed January 2, 2015 and supplemented March 16, 2015, we expect to generate a sufficient amount of RECs utilizing banking to satisfy our renewable obligations for 2016 and 2020 without adding any wind capacity beyond the projects we currently have under contract (which includes the Courtenay project).

   This is made possible because we operate an integrated electric system (the NSP System, consisting of the NSP Minnesota and NSP Wisconsin Operating Companies). Using banking, in 2020, we forecast that we will be at 33 percent of retail sales from wind generation on an NSP System basis. On a State of Minnesota basis, however, we would only be at 24 percent of retail sales in 2020.

2. At the outset, we note that we entered into the Courtenay Project PPA to acquire cost-effective wind energy for NSP System customers. The PPA pricing was attractive due, in part, to the availability of the PTCs. While the PPA was not strictly necessary to meet an immediate RES compliance obligation, undertaking the PPA provided us an opportunity to add wind to our system at pricing that would significantly lower overall system costs for customers. Our proposed acquisition of the Courtenay Project, in lieu of the PPA, follows the same rationale.

   Obtaining a low-priced wind resource that affords a significant PTC price advantage allows us to not only provide cost-effective energy to our customers and it also provides a reasonable cushion with respect to RES compliance. That said, without the Courtenay Project, we forecast being able to serve 31percent of our retail sales with wind power in 2020.

   For comparison, on a jurisdictional basis, Minnesota is forecast to be at 22 percent of retail sales in 2020 without Courtenay, which is short of the 25 percent RES mandate; we are, however, able to use banked RECs from the integrated NSP System to maintain compliance, as described above. We believe the Courtenay Project provides an important contribution to our RES compliance, while ensuring that we can take advantage of the PTCs. It will afford us a reasonable compliance margin, should sales materialize differently than our forecast contemplates – and allow sufficient flexibility, such that we can either accelerate or delay the acquisition of additional renewable resources in light of the prevailing market.

Preparer:	Jeffrey C. Haskins
Title:	Renewable Portfolio Manager
Department:	Purchased Power
Telephone:	303-571-6454
Date:	May 22, 2015

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	5
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Annual Capacity Factor

Assuming a 50 percent probability level, Xcel's revised annual capacity factor for the Courtney Project is 46.1 percent. Please provide the basis for the capacity factor used by Geronimo and Xcel, including the assumed probability level, for the Courtney Project in Docket No. 13-603.

Response:

As described in our filing, the basis for the 46.1 percent net capacity factor is the output of the detailed wind study that we completed as part of our due diligence. We note that our wind study (which is attached to our filing) is based on specific turbines and project-specific information, rather than general or generic information.

At the time bids were due and submitted into our 2013 Wind RFP, Geronimo had not yet selected the specific turbines for the Courtenay project. As described in our filing in the Wind RFP proceeding (Docket No. E002/M-13-603), in their bid documentation, Geronimo provided generation output of **[Begin Trade Secret… …End Trade Secret]** and noted that generation values would be later finalized when a specific wind turbine model was selected. Geronimo did not provide any further information or basis for their generation estimates in their proposal. However, the values and resultant capacity factor provided by Geronimo were consistent with our experience, and we believed reasonable.

We used these generation values in our analysis of the PPA in the Wind RFP proceeding, which showed a net benefit to customers by making this generation addition. Further, our economic analysis utilized higher and lower capacity factor sensitivities to help ensure the project was examined using a robust economic analysis. We also note that we utilized the proposed capacity factor and resultant energy production as the amount of "Committed Energy" in the PPA between the Company and Geronimo. While different amounts of Committed Energy were identified based on the potential for the use of different turbines, the contract reflected the amount in Geronimo's bid, which indicates that both the Company and Geronimo believed this figure to be reasonable.

Portions of this response are marked "Non-Public" as it contains information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from their use. Thus, Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500.

Preparer:	Stan Dufault
Title:	Manager
Department:	Business Development
Telephone:	612-215-4577
Date:	May 22, 2015

Geronimo information provided by:

Elizabeth Engelking
Vice President, Strategy and Policy
Geronimo Energy, LLC
952-988-9000

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	6
Requestor:	Mark Johnson		
Date Received:	May 15, 2015	**Supplemental Request: May 26, 2015**	

Question:

Subject: Project Life

Geronimo assumed a 20-year life for the Courtney Project under the PPA. Please explain why it is reasonable for Xcel to assume a 25-year life if the Courtney Project becomes a company-owned project. Please provide Excel spreadsheet showing the calculation of the levelized cost for Courtney under a 25 and 20 year life. Please keep all other assumptions the same.

Response:

1) The term of the PPA with Geronimo for the Courtenay Project was 20 years. However, this does not mean that the expected useful life of the Project was for 20 years. Our use of a 25-year life is consistent with the manufacturer's estimated life of the specific model turbine selected for the Courtenay project. It is also consistent with our assumptions for other Company-owned wind projects, such as Border Winds and Pleasant Valley. We note that numerous other proposals submitted into our 2013 Wind RFP included bids offering 25-year PPA terms, and we have many PPAs with different counterparties with terms of 25 years or more. So, a 25-year project life is not unusual.

   We cannot speculate as to why Geronimo chose a 20-year PPA over a different term (longer or shorter), as a number of factors can come into play in making such a decision. We have no insight into what Geronimo might have been planning for the project post PPA or what their expectations were for the project's overall life. However, it is our understanding that PPAs often have a term consistent with the financing needs of the developer.

Geronimo provided the following additional information responsive to this request:

Geronimo did not assume a 20-year life for the Courtenay project; the term of the PPA was for 20 years. In their financial models, Geronimo assumed a 25 year life. At the expiration of the PPA, Geronimo assumed that the wind energy would be sold into the market at the merchant price.

2) We provide the requested spreadsheet as Attachment A to this response. As noted in Attachment A, even under an assumed life of 20 years, Company ownership of the Courtenay Project still provides benefits to customers over its useful life.

Attachment A is marked "Non-Public" in its entirety as it contains information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from their use. Thus, Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500, subp. 3.

Supplemental Request:

Please provide the 20 and 25-year life levelized cost information as it pertains to revenue requirements of the project. Specifically, please identify where Xcel's capital and O&M cost estimate amounts are included in DOC IR No. 6, Attachment A spreadsheet. Finally, could you please explain why the levelized cost amount found on Attachment A, Page 3 of 4 does not match the levelized cost amount found in Xcel's petition?

Supplemental Response:

Please see Attachment B to this response which contains modeling information and is being provided as a live Excel spreadsheet.

Attachment B is marked "Non-Public" in its entirety as it contains information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from their use. Thus, Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500, subp. 3.

Preparer:	Stan Dufault / Jon T. Landrum	
Title:	Manager / Manager	
Department:	Business Development / Resource Planning Analytics	
Telephone:	612-215-4577 / 303-571-2765	
Date:	May 22, 2015	**Supplemented: May 27, 2015**

Geronimo information provided by:

Elizabeth Engelking
Vice President, Strategy and Policy
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952-988-9000

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	7
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Xcel's Levelized Cost Calculation

Please provide a revised levelized cost calculation for the Courtney Wind Project assuming a 95 percent probability level and a capacity factor of 40.9 percent in Excel spreadsheet format. Please keep all other assumptions the same.

Response:

The requested spreadsheet is included as the Attachment A to this response. As shown in Attachment A, even under a lower capacity factor scenario, Company ownership of the Courtenay Project provides benefits to our customers over the life of the Project.

Attachment A is marked "Non-Public" in its entirety as it contains information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from their use. Thus, Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500, subp. 3.

Preparer:	Jon Landrum
Title:	Manager, Resource Planning Analytics
Department:	Resource Planning
Telephone:	303.571.2765
Date:	May 22, 2015

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	8
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Bidder Qualifications

Please explain how Xcel determined whether developers were qualified and capable of executing their proposed projects when evaluating responses to the RFP in Docket No. 13-603. Did Xcel identify any concerns with Geronimo's capability to develop the Courtney project?

Response:

For those proposals that made the initial $/MWh cutoff price in the RFP, we assessed each of the developer's qualifications on a number of factors including past experience and financial viability. In the case of Geronimo, the company had developed operating wind farms to date including the Prairie Rose project with us in 2012. The successful completion of these projects formed the basis of our conclusion that Geronimo had the required capability to execute the proposed Courtenay project.

Preparer:	Stan Dufault / Jon T. Landrum
Title:	Manager / Manager
Department:	Business Development / Resource Planning Analytics
Telephone:	612-215-4577 / 303-571-2765
Date:	May 22, 2015

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	9
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: PPA vs. Owned Wind

Please list all wind on Xcel's system under a PPA and owned by the Company. Please provide the nameplate capacity for each project and the total proportion of nameplate capacity that is owned and purchased under a PPA.

Response:

Please see Attachment A to this response for a list of each wind facility on the NSP System, an indicator as to whether it is Company-owned or a Power Purchase Agreement (PPA), and its corresponding capacity. We also summarize below the total megawatts of NSP System wind generation by asset type:

Wind Generation by Asset Type (MWs)

Asset Type	Capacity Type	MW	Percent of Total
Owned	Nameplate	851.5	33%
PPA	Contracted*	1,759.9	67%

* *Since we contract for a specific amount of energy, we do not maintain nameplate capacities in our records.*

We note that the above values include the following projects that are not yet in service:

NSP System Wind Projects Proposed but Not Yet in Service

	Odell	Courtenay	Pleasant Valley	Border Winds
Docket	E002/M-13-603	E002/M-13-603 *E002/M-15-401*	E002/M-13-603	E002/M-13-716
Location	Mountain Lake, MN	Jamestown, ND	Austin, MN	Rolette County, ND
Size (MW)	200	200	200	150
Capacity Type	Contracted	Nameplate	Nameplate	Nameplate
Asset Type	PPA	Owned	Owned	Owned
Expected In-Service Date	2015Q4	2016Q4	2015Q4	2015Q4
Year of Anticipated MISO Accreditation	2021	2021	2021	2021

Preparer: Mary Morrison
Title: Resource Planning Analyst
Department: Resource Planning and Bidding
Telephone: 612.330.5862
Date: May 22, 2015

		Capacity Type
Wind Generation Facilities - Owned (includes Courtenay)	851.5	Nameplate
Wind Generation Facilities - PPA	1759.87	Contracted

Wind Generation Facilities - Owned	Nameplate Capacity (MW)	
Grand Meadow Wind Farm	100.5	Owned
Nobles Wind Farm	201	Owned
Border Winds Project (COD 2015Q4)	150	Owned
Pleasant Valley (COD 2015Q4)	200	Owned
Courtenay Windfarm (COD 2016Q4)	200	Owned

Wind Generation Facilities - PPA	Contracted Capacity (MW)	
Adams Wind Generations, LLC	19.8	PPA
Agassiz Beach LLC	1.98	PPA
Ashland Windfarm, LLC	1.9	PPA
Asian CS, LLC	1.9	PPA
Autumn Hills LLC	1.98	PPA
Bangladesh CS, LLC	1.9	PPA
Bendwind, LLC	1.25	PPA
Big Blue Wind Farm, LLC	36	PPA
Bisson Windfarm, LLC	1.9	PPA
Boeve Windfarm, LLC	1.9	PPA
Brandon Windfarm, LLC	1.5	PPA
BT, LLC	1.8	PPA
Buffalo Ridge Wind Farm, LLC	1.5	PPA
Burmese CS, LLC	1.9	PPA
Carleton College	1.65	PPA
Carstensen Wind, LLC	1.65	PPA
CG Windfarm, LLC	1.9	PPA
Chanarambie Power Partners, LLC	85.5	PPA
Cisco Wind Energy LLC	8	PPA
Danielson Wind Farms, LLC	19.8	PPA
DeGreeff DP, LLC	1.25	PPA
DeGreeffpa, LLC	1.25	PPA
Elsinore Wind	1.65	PPA
Ewington Energy Systems LLC	19.95	PPA
Fenton Power Partners I, LLC	205.5	PPA
Fey Windfarm, LLC	1.9	PPA
Florence Hills LLC	1.98	PPA
FPL Energy Mower County, LLC	98.9	PPA
G M, LLC	1.8	PPA

Wind Generation Facilities - PPA	Contracted Capacity (MW)	
GarMar Wind I, LLC	1.5	PPA
Grant County Wind, LLC	20	PPA
Grant Windfarm, LLC	1.9	PPA
Greenback Energy, LLC	1.65	PPA
Groen Wind, LLC	1.25	PPA
Hadley Ridge LLC	1.98	PPA
Henslin Creek Windfarm, LLC	1.5	PPA
Hillcrest Wind, LLC	1.25	PPA
Hilltop Power, LLC	2	PPA
Hope Creek LLC	1.98	PPA
Indian CS, LLC	1.9	PPA
Jack River LLC	1.98	PPA
JCKD, LLC	1.8	PPA
Jeffers Wind 20 LLC	50	PPA
Jessica Mills LLC	1.98	PPA
JJN Windfarm, LLC	1.5	PPA
Julia Hills LLC	1.98	PPA
Kas Brothers Windfarm, LLC	1.5	PPA
K-Brink Wind Farm, LLC	1.9	PPA
Lake Benton Power Partners II, LLC (LBII)	103.5	PPA
Lake Benton Power Partners LLC (LBI)	104.25	PPA
Larswind, LLC	1.25	PPA
Lucky Wind, LLC	1.65	PPA
McNeilus Windfarm, LLC	1.8	PPA
Metro Wind LLC	0.66	PPA
MinnDakota Wind LLC	150	PPA
Minwind Energy, LLC	11.55	PPA
Moraine Wind II, LLC	49.5	PPA
Moraine Wind LLC	51	PPA
Moulton Heights Wind Power Project, LLC	1.5	PPA
Muncie Power Partners LLC	1.5	PPA
Norgaard South Projects	--	PPA
Breezy Bucks-I LLC	1.25	PPA
Breezy Bucks-II LLC	1.25	PPA
Salty Dog-II LLC	1.25	PPA
Norgaard North Projects	--	PPA
Roadrunner-I LLC	1.25	PPA
Salty Dog-I LLC	1.25	PPA
Wally's Wind Farm LLC	1.25	PPA
Windy Dog-I LLC	1.25	PPA

Wind Generation Facilities - PPA	Contracted Capacity (MW)	
North Community Turbines, LLC (CWN)	15	PPA
North Ridge Wind Farm LLC	1.5	PPA
North Wind Turbines, LLC (CWN)	15	PPA
Northern Alternative Energy Shaokatan, LLC (Lakota Ridge)	11.25	PPA
Northern Alternative Energy Shaokatan, LLC (Shaokatan Hills)	11.88	PPA
Northern Lights Wind, LLC	1.65	PPA
Odell Windfarm (COD 2015Q4)	200	PPA
Olsen Windfarm, LLC	1.5	PPA
Prairie Rose Wind, LLC	200	PPA
REAP, LLC (REAP I)	1.8	PPA
REAP, LLC (REAP II)	1.9	PPA
Ridgewind Power Partners, LLC	25.3	PPA
Rock Ridge Power Partners LLC	1.8	PPA
Ruthton Ridge LLC	1.98	PPA
Salvadoran CS, LLC	1.9	PPA
Shane's Wind Machine LLC	2	PPA
Sierra Wind, LLC	1.25	PPA
Soliloque Ridge LLC	1.98	PPA
South Ridge Power Partners LLC	1.8	PPA
Spartan Hills LLC	1.98	PPA
St. Olaf College	1.65	PPA
Stahl Wind Energy, LLC	1.65	PPA
Sun River LLC	1.98	PPA
TAIR Windfarm, LLC	1.25	PPA
TG Windfarm, LLC	1.9	PPA
Tholen Projects		PPA
Gary J.T. LLC	1.65	PPA
Jenna M.T. LLC	1.65	PPA
Krysta J.T. LLC	1.65	PPA
Mark J.P. LLC	1.65	PPA
McBeth -1 LLC	1.65	PPA
McBeth -2 LLC	1.65	PPA
McBeth -3 LLC	1.65	PPA
Theresa M.T. LLC	1.65	PPA
Tofteland Windfarm, LLC	1.9	PPA
Triton Windfarm, LLC	1.5	PPA
Tsar Nicolas LLC	1.98	PPA
Twin Lake Hills LLC	1.98	PPA
Uilk Wind Farm	4.5	PPA
Valley View Transmission, LLC	10	PPA

Wind Generation Facilities - PPA	Contracted Capacity (MW)	
Vandy South Project, LLC	1.5	PPA
Velva Windfarm, LLC	11.88	PPA
Viking Wind Farm, LLC	1.5	PPA
Vindy Power Partners, LLC	1.5	PPA
Wasioja Windfarm, LLC	1.5	PPA
Westridge Windfarm, LLC	1.9	PPA
Willhelm Wind, LLC	1.5	PPA
Wilson-West Windfarm, LLC	1.5	PPA
Wind Power Partners 1993, L.P.	25	PPA
Windcurrent Farms, LLC	1.9	PPA
Windvest Power Partners LLC	1.8	PPA
Winona County Wind, LLC	1.5	PPA
Winter's Spawn LLC	1.98	PPA
Woodstock Municipal Wind, LLC	0.75	PPA
Woodstock Wind Farm, LLC	10.2	PPA
Zephyr Wind, LLC	30.75	PPA
Zumbro Windfarm, LLC	1.9	PPA

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Xcel Energy			
Docket No.:	E002/M-15-401		
Response To:	Department of Commerce	Information Request No.	10
Requestor:	Mark Johnson		
Date Received:	May 15, 2015		

Question:

Subject: Courtney PPA

Did Xcel consider renegotiating the terms of the Courtney PPA with Geronimo to allow Geronimo to complete development of the project? Please explain why or why not.

Response:

Yes. At Geronimo's request, we participated in discussions with various potential buyers and equity investors of the Courtenay project to clarify certain contract terms, and to explore our willingness to modify certain milestone dates to accommodate a purchase of the project. We responded that we would be willing to make such modifications, provided that all PTC risk and delay damages would be borne by the project owner. We also advised the parties that any change of control and material amendments may require regulatory approvals from Minnesota and North Dakota. Please see our response to Information Request DOC No. 3 for additional information regarding our pre-purchase actions.

Preparer:	Stan Dufault
Title:	Manager
Department:	Business Development
Telephone:	612-215-4577
Date:	May 22, 2015

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Public Comments

Docket No. E002/M-15-401

Dated this 1st day of June 2015

/s/Sharon Ferguson

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